Required Report - public distribution

Date: 3/31/2011
GAIN Report Number:

Bolivia

Oilseeds and Products Annual

Annual

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Report Highlights:
Soybean production in MY 2012 is forecast at 1.88 MMT, about the same levels as MY 2011. With exports of 1.053 MMT (worth $309 million) in CY 2010, soybean meal is the third largest Bolivian export and the largest agricultural export

Executive Summary:

Soybean production in Marketing Year (MY) 2012 (March/February) is forecast at 1.88 Million Metric Tons (MMT), remaining about the same as MY 2011. Soybean is the most important crop in Bolivia, harvested area of soybeans in MY 2011 is estimated at 990,000 hectares. Soybean production in Bolivia is in hands of small producers, there are about 14,000 soybean farmers. Soy producers face several technological and political challenges. Recent legislation establishes land expropriation if producers fail to comply with the government's reforestation standards and its idea of social use of the land

Commodities:

Oilseed, Soybean

Production:

Oilseed, Soybean Bolivia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	900	886	850	990		990
Area Harvested	900	886	850	990		990
Beginning Stocks	43	43	43	28		37
Production	1,665	1,714	1,580	1,880		1,880
MY Imports	15	12	25	15		15
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,723	1,769	1,648	1,923		1,932
MY Exports	135	51	120	50		50
MY Exp. to EU	0	0	0	0		0
Crush	1,425	1,590	1,390	1,746		1,752
Food Use Dom. Cons.	70	50	70	45		50
Feed Waste Dom. Cons.	50	50	50	45		50
Total Dom. Cons.	1,545	1,690	1,510	1,836		1,852
Ending Stocks	43	28	18	37		30
Total Distribution	1,723	1,769	1,648	1,923		1,932
1000 HA, 1000 MT						

Meal, Soybean Bolivia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,425	1,714	1,390	1,880		1,880
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	6	6	1	71		51
Production	1,135	1,325	1,105	1,380		1,380
MY Imports	0	0	0	0		0

MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	1,141	1,331	1,106	1,451		1,431
MY Exports	1,060	1,080	1,025	1,250		1,230
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	80	180	80	150		150
Total Dom. Cons.	80	180	80	150		150
Ending Stocks	1	71	1	51		51
Total Distribution	1,141	1,331	1,106	1,451		1,431
1000 MT, PERCENT						

Oil, Soybean Bolivia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,425	1,714	1,390	1,880		1,880
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	21	21	0	5		15
Production	268	334	260	420		420
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	289	355	260	425		435
MY Exports	239	230	210	280		290
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0		0	0		0
Food Use Dom. Cons.	50	120	50	130		130
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	50	120	50	130		130
Ending Stocks	0	5	0	15		15
Total Distribution	289	355	260	425		435
1000 MT, PERCENT						

Soybean production in Marketing Year (MY) 2012 (March/February) is forecast at 1.88 Million Metric Tons (MMT), remaining close to the MY 2011 levels but increasing 10 percent from the MY 2010 levels. This increase is only a recovery to normal production levels. Soybean production in Bolivia fell in MY 2010 due to summer floods that caused less area to be planted and delayed rain in winter planting season.

Despite the current favorable weather conditions and high international prices, Post believes that Bolivia will not increase its soybean area due to political instability. Bolivian farmers face hostile investment climates which will probably result in a reduced crop production across the board in the upcoming years.

Soybean is produced in Santa Cruz, Bolivia's agricultural powerhouse. There are two annual crops:

- Summer; planting in November-December and harvest in March-April, is the most important crop season accounting for about 70 percent of the annual crop.

- Winter; planting in June-July and harvest in October-December.

Soybean is the most important crop in Bolivia, the harvested area of soybeans in MY 2011 is estimated at 990,000 hectares, compared to about 150,000 hectares of corn, 100,000 hectares of sunflower, and 115,000 hectares of rice. Soybean production in Bolivia is in hands of small producers; there are about 14,000 soybean producers in Bolivia with the following composition:

- 77 percent owns less than 50 hectares
- 21 percent owns between 50 and 1,000 hectares
- 2 percent owns more than 1,000 hectares

Producers in Bolivia face three main constraints: lack of technology, expensive credits (15 to 19 percent interest rates), and steep transportation costs. Yields vary considerably, between 1.8 and 2.3 MT per hectare, depending on efficiency and technical know-how of producers. Cost of production per hectare is about $320, of which about $135 are for pesticides. Production costs have increase in the past three years due to a higher incidence of soybean rust.

Bolivia has sufficient crushing capacity to process its entire crop, 5,250 MT per day. The largest crushing companies are ADM-SAO with about 35 percent of the market, Fino and Rico with about 25 percent of the market each, and several small companies have the remaining 15 percent of the market. About 80 percent of the country's storage capacity is owned by processing companies and 20 percent by independent intermediaries.

One of the most influential organizations in Bolivia is the oilseeds producers association (ANAPO) who negotiates with the government of Bolivia (GOB) import duties of inputs or technical programs; it also negotiates with financial institutions, provides seeds and other inputs, and also assists producers with technical guidance.

Trade:

With exports of 1.053 MMT (worth $309 million) in CY 2010, soybean meal is the third largest Bolivian export and the largest agricultural export.

Bolivian Soybean Product Exports (2010)		
Product	**Volume (TMT)**	**Value (Million $)**
Meal	1,053	309
Crude oil	196	158
Beans	51	19
Flour	32	18
Refined oil	19	21

Total	1,351	525

The Andean countries (Colombia, Ecuador, Peru and Venezuela) are the most important, and almost the only market for Bolivian soybean products. Bolivia's soybean exports to the Andean countries in CY 2010 were follows:

Distribution of Bolivian Exports (CY 2005)		
Soybeans (Percentage)	**Soybean Meal (Percentage)**	**Crude Oil (Percentage)**
Peru 48 Colombia 30 Venezuela 22	Venezuela 52 Peru 25 Chile 12 Colombia 8 Ecuador 3	Colombia 53 Venezuela 25 Ecuador 15 Peru 5 Chile 2

Since Bolivia is a landlocked country, the cost of transportation is rather expensive and one of the main concerns of Bolivian exporters; it cost less to ship product from the gulf to any Andean country. For example, freight cost from the gulf to Colombia is $55 per MT, compared to $120 per MT from Bolivia. Brazil and Argentina also have more competitive costs of transportations, freight from these countries to Colombia are around $90 per MT.

Policy:

The GOB has approved several pieces of legislation that when combined severely hampers Bolivian farmers from making profits. Such measures include:

- The Land Reform by which all arable land must serve a social and economic purpose. A government agency determines which farms comply with such mandate and they are free, without further process, to expropriate farms that they deem not compliant. Basically this means that if a producer is not farming one hundred percent of his land anyone can blow the whistle on him and have his land taken away. Most likely this land will be given away to the administration's political base.

- Forest Law, this recently approved legislation establishes that farmers have to implement reforestation programs on 40 percent of their land. Producers who fail to comply within three years face expropriation of their land.

- Export Ban, exports of soy and soy products are only approved when the administration determines that there is sufficient product at a "good" price for local consumption.

- Price Control, the GOB indirectly controls price of agricultural products through export permits.

The lack of transparency has been the common denominator for approving and implementing these measures. It is not very clear what has prompted the GOB to enforce such measures but there is no doubt that it will translate in reduced investment, less area planted, lower production and finally higher prices.

Bolivian farmers also have to deal with land tenure insecurity. In recent years, groups of people without land have invaded and taken control of private properties. These groups often negotiate their withdrawal in exchange of a plot of land or money.

Bolivia has a trade agreement (the People's Trade Agreement) with Cuba and Venezuela. Under this agreement Venezuela will continue importing Bolivian soybean products duty free. As a member of Andean Community of Nations (CAN), Bolivian soy products enter duty free to member countries.

Biotech

Biotech is an ideological and politicized issue in Bolivia. Like other issues in Bolivia, biotechnology has also divided the country in two. On one hand organizations from the highlands, mainly La Paz, is opposed to the use, trade, production and research of biotechnology as a result of a strong influence from non-government organizations (NGOs) that finance public campaigns to prevent the use of biotechnology. This people are not producers. On the other hand Santa Cruz (producers) wish to use biotechnology to increase their efficiency.

Most soy producers are using genetically modified soybean seeds. According to Bolivian producers, Paraguay is much more efficient in producing soybean due to the extensive use of biotechnology. The strong influence from Brazil has determined that most Bolivian producers use genetically modified seeds.